

**VISIT MODESTO INC.
(A NONPROFIT CORPORATION)**

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

VISIT MODESTO INC.

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements	
Statements of financial position	3
Statements of activities and changes in net assets	4 - 5
Statements of functional expenses	6 - 7
Statements of cash flows	8
Notes to financial statements	9 - 14

INDEPENDENT AUDITOR'S REPORT

Board of Directors of Visit Modesto
Modesto, CA, United States of America

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Visit Modesto (the Organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, and the results of its changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Adoption of New Accounting Pronouncement

As discussed in Note 2 of the financial statements, the Organization adopted Accounting Standards Codification Topic 842 ("ASC 842"), Leases, as of July 1, 2022. Our opinion is not modified with respect to this matter.

Other Matters

The summarized comparative information presented herein as of and for the year ended June 30, 2022, derived from those unaudited financial statements, has not been audited, reviewed or compiled, and accordingly, we express no opinion on it.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Noren Nordling and Associates LLC

SPRINGFIELD, IL
April 15, 2024

VISIT MODESTO INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022 (Unaudited)
Assets:		
Cash and cash equivalents	\$ 71,462	\$ 669,037
Accounts receivable	134,035	210,674
Marketable securities	713,849	-
Right to use of assets, net	47,322	-
Other assets	3,000	3,000
Total assets	\$ 969,668	\$ 882,711
Liabilities and Net Assets:		
Liabilities		
Accounts payable and accrued liabilities	\$ 60,006	\$ 57,851
Operating lease liability	48,022	-
Loan payable	150,000	149,900
Total liabilities	\$ 258,028	\$ 207,751
Net Assets:		
Net assets - without donor restrictions	374,442	436,795
Net assets - with donor restrictions	337,198	238,165
Total net assets	711,640	674,960
Total liabilities and net assets	\$ 969,668	\$ 882,711

The accompanying notes are an integral part of these financial statements.

VISIT MODESTO INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023 AND 2022

	Without Donor Restrictions	With Donor Restrictions	2023
Revenues:			
Grant income	\$ -	\$ 250,000	\$ 250,000
Sales of product income	641	-	641
Services	897,259	-	897,259
Total revenues	897,900	250,000	1,147,900
Expenses:			
Program services	445,524	122,428	567,952
Support services	531,053	28,539	559,592
Total expenses	976,577	150,967	1,127,544
Change in net assets from operations	(78,677)	99,033	20,356
Other Income:			
Interest and dividend revenues	9,098	-	9,098
Realized and unrealized gain on marketable securities	7,226	-	7,226
Total other income	16,324	-	16,324
Change in net assets	\$ (62,353)	\$ 99,033	\$ 36,680
Net assets, beginning of year	436,795	238,165	674,960
Net assets, end of year	\$ 374,442	\$ 337,198	\$ 711,640

The accompanying notes are an integral part of these financial statements.

VISIT MODESTO INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023 AND 2022

	Without Donor Restrictions (Unaudited)	With Donor Restrictions (Unaudited)	2022 (Unaudited)
Revenues:			
Grant income	\$ -	\$ 250,000	\$ 250,000
Sales of product income	299	-	299
Services	926,458	-	926,458
Total revenues	926,457	250,000	1,176,757
Expenses:			
Program services	380,372	9,335	389,707
Support services	512,180	2,500	514,680
Total expenses	892,552	11,835	904,387
Change in net assets from operations	34,205	238,165	272,370
Other Income:			
Interest and dividend revenues	798	-	798
Other Income	6,000	-	6,000
Total other income	6,798	-	6,798
Change in net assets	\$ 41,003	\$ 238,165	\$ 279,168
Net assets, beginning of year	395,792	-	395,792
Net assets, end of year	\$ 436,795	\$ 238,165	\$ 674,960

The accompanying notes are an integral part of these financial statements.

VISIT MODESTO INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023 AND 2022

	2023		
	Program Services	Support Services	Total Expenses
Payroll and related expenses	\$ 181,087	\$ 281,827	\$ 462,914
Rent	15,400	23,100	38,500
Utilities	8,072	12,445	20,517
Office supplies	8,297	24,730	33,027
Marketing and advertising	174,557	104,099	278,656
Business services	2,226	954	3,180
Professional and legal services	28,987	49,673	78,660
Insurance	870	658	1,528
Membership fees	3,322	4,217	7,539
Other expenses	22,706	24,700	47,406
Interest expense	-	4,650	4,650
Wayfinding/Tourism Specific	7,293	902	8,195
Seasonal Initiatives	53,511	15,150	68,661
Agricultural Tourism	12,346	3,617	15,963
Arts & Entertainment	26,600	7,900	34,500
Special Programs	5,500	300	5,800
Miscellaneous	17,178	670	17,848
Total expenses	\$ 567,952	\$ 559,592	\$ 1,127,544

The accompanying notes are an integral part of these financial statements.

VISIT MODESTO INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023 AND 2022

	2022 (Unaudited)		
	Program Services	Support Services	Total Expenses
Payroll and related expenses	\$ 144,561	\$ 244,407	\$ 388,968
Rent	15,284	24,464	39,748
Utilities	6,545	9,876	16,421
Office supplies	3,455	8,422	11,877
Marketing and advertising	167,186	125,619	292,805
Professional and legal services	26,693	60,349	87,042
Insurance	782	3,128	3,910
Membership fees	3,114	3,354	6,468
Other expenses	12,752	32,561	45,313
Wayfinding/Tourism Specific	1,631	-	1,631
Agricultural Tourism	7,597	2,500	10,097
Special Programs	107	-	107
Total expenses	\$ 389,707	\$ 514,680	\$ 904,387

The accompanying notes are an integral part of these financial statements.

VISIT MODESTO INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023 AND 2022

	2023	2022 (Unaudited)
Cash flows from operating activities:		
Net income	\$ 36,680	\$ 279,168
Adjustments to reconcile net income to net cash provided by operating activities:		
Non-cash lease expense	700	-
Changes in assets and liabilities:		
Decrease in accounts receivables	76,639	(27,883)
Increase in accounts payable	2,155	2,605
Net cash provided by operating activities	116,174	253,890
Cash flows from investing Activities:		
Increase in marketable securities	(713,849)	-
Net cash used by investing activities	(713,849)	-
Cash flows from financing activities:		
Increase in loan payables	100	-
Net cash provided by financing activities	100	-
Net increase/(decrease) in cash and cash equivalents	(597,575)	253,890
Cash and cash equivalents, beginning of year	669,037	415,147
Cash and cash equivalents, end of year	\$ 71,462	\$ 669,037
Supplemental disclosures of cash flow information:		
Operating lease liability and right-of-use assets recognized in connection with implementation of ASC 842	\$ 83,989	\$ -

The accompanying notes are an integral part of these financial statements.

VISIT MODESTO INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1. ORGANIZATION

Established in September 2002 as a 501(C)6 C Corporation in California, Visit Modesto (The "Organization") initially operated under a funding agreement with the City of Modesto, receiving 13.33% of collected Transient Occupancy Tax annually. Initially, the partnership was structured with one-year contracts, later transitioning to renewals on five-year intervals until 2005. However, in 2015, the City of Modesto opted not to renew the agreement, incorporating the organization, then known as The Modesto Convention and Visitors Bureau, Inc., into the City of Modesto Parks, Recreation, and Neighborhoods division.

In 2017, recognizing the importance of an independent tourism entity, the City of Modesto sought assistance to reestablish the organization as a standalone entity. This revitalization culminated in a relaunch coinciding with the fiscal year beginning July 1, 2019, following a decree by the City Council and the establishment of a new board of directors. Thus, emerged the contemporary iteration of the organization, now known as Visit Modesto.

Visit Modesto serves as the City's primary marketing entity, dedicated to bolstering the community's economic and social vibrancy through innovative initiatives. These initiatives are crafted to attract incremental business to local merchants, restaurants, hotels, and attractions. The Bureau's strategic efforts extend across various platforms, targeting media, travel, trade, and consumers both domestically and internationally.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions.

In adherence to the city's regulations, the financial figures for the preceding year, ending on June 30, 2022, as delineated in the financial statements, remain unaudited.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Leases

Effective July 1, 2022, the Organization adopted Accounting Standards Codification 842, Leases ("ASC 842"). The Organization determines if an arrangement contains a lease at inception based on whether or not the Organization has the right to control the asset during the contract period and other facts and circumstances. The Organization is the lessee in a lease contract when the Organization obtains the right to control the asset. Operating lease right-of-use ("ROU") assets represent the Organization's right to use an underlying asset for the lease term, and lease liability represent the Organization's obligation to make lease payments arising from the lease, both of which are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. Leases with a lease term of 12 months or less at inception are not recorded in statements of the financial position and are expensed on a straight-line basis over the lease term

VISIT MODESTO INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

in statement of activities and changes in net assets. During the previous year ended June 30, 2022 Operating leases were not recognized on the statements of the financial position as lease payments were expensed on a straight-line basis over the lease term (Refer Note 6).

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

The Organization reports contributions with donor restrictions as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other contributions with donor restrictions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of activities and changes in Net Assets as "Net assets released from restrictions."

Revenue Recognition

Grants received are classified depending on the existence or nature of any donor restrictions. Grant Income that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restrictions expire during the reporting period in which it was received. All other donor-restricted grants are reported as an increase in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Service Income is recorded when earned. All services income is available for unrestricted use. Sale of product, and other income are recorded as revenues when earned.

Income Taxes

The organization is exempt from federal income and California franchise taxes under Internal Revenue Code Section 501(c)(6) and California Revenue and Taxation Code Section 23701d, respectively. Income tax returns are filed by the organization in both U.S. federal and California jurisdictions. As of June 30, 2015, there are no significant uncertainties regarding the positions taken in the organization's tax returns that would impact its operations. The organization is no longer subject to U.S. federal examinations by tax authorities for fiscal years ending before 2012, and state examinations by tax authorities for fiscal years ending before 2011.

VISIT MODESTO INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivables

Accounts receivable are recorded at the invoiced amount and do not bear interest. Management determined that no uncollected receivable was necessary as of June 30, 2023. The Organization evaluates the need for allowance for uncollected receivables based on a combination of factors such as aged basis of its funding sources, credit worthiness of the funder and historical experience. As of June 30, 2023, 2022 and 2021 the total accounts receivable were \$134,035, \$210,674 and \$182,791 respectively.

Advertising Costs

Advertising and marketing costs are expensed when incurred.

Functional Allocation of Expenses

The costs of programs and other activities have been summarized on a functional basis in the accompanying Statements of activities and changes in Net Assets. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses directly attributable to a specific functional area are reported as expenses to those functional areas. A portion of support services that benefit multiple functional areas has been allocated across programs and other activities based on management's best estimate, considering factors such as time and effort and proportion of employee time spent on programs and other activities to total organizational time spent. Accordingly, costs have been allocated among the program services and support services benefitted.

Financial Instruments and Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash deposits. Accounts at each institution are insured by Federal Deposit Insurance Corporation (FDIC) up to \$250,000. During the year ended June 30, 2023, the Organization had cash accounts that from time to time could have exceeded the FDIC insurance limits. Management believes that these financial institutions have strong credit ratings and that credit risk to these accounts is minimal.

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued ("ASC 842"), as amended, which requires the recording of operating lease right-of-use assets and liabilities and the expanded disclosure for operating and finance lease arrangements. Leases are classified as finance or operating with the classification of the expense recognition in the Statements of activities and changes in Net Assets. The Organization adopted ASC 842 under the modified retrospective method on July 1, 2022.

The Organization adopted the package of practical expedients available at transition that retained the lease classification under ASC 840 and initial direct costs for any leases that existed prior to adoption of the standard. Contracts entered into prior to the adoption were not reassessed for leases or embedded leases. In addition, the Organization used hindsight to determine the lease term and consideration for impairment. The Organization made the accounting policy elections to not recognize short-term leases on the statement of financial position and to utilize the risk-free discount rate when the rate implicit in the lease is not readily determinable.

VISIT MODESTO INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued But Not Yet Effective Accounting Pronouncements

In June 2016, FASB issued ASU 2016-13, *Financial Instruments - Credit Losses*. This ASU added a new impairment model (known as the current expected credit loss ("CECL") model) that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes as an allowance, its estimate of expected credit losses. The CECL model applies to most debt instruments, trade receivables, lease receivables, financial guarantee contracts, and other loan commitments. The CECL model does not have a minimum threshold for recognition of impairment losses and entities will need to measure expected credit losses on assets that have a low risk of loss. The amendments in this ASU are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Organization is evaluating the effect that ASU 2016-13 will have on its financial statements and related disclosures.

NOTE 3. LIQUIDITY AND AVAILABILITY

The Organization regularly monitors the liquidity required to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal, including cash and receivables. For purposes of analyzing resources available to meet general expenditures over 12 months, the Organization considers all expenditures related to its ongoing program activities as well as the supporting services to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures not covered by restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Organization's cash.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following as of June 30:

Financial assets at year-end:	2023	2022 (Unaudited)
Cash	\$ 71,462	\$ 669,037
Accounts receivable	134,035	210,674
Marketable securities	713,849	-
Total	\$ 919,346	\$ 879,711

NOTE 4. MARKETABLE SECURITIES

Investments are reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Purchases and sales of securities and stocks are recorded on a trade date basis. Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law.

The Organization measures fair value in accordance with FASB ASC Section 820, Fair value Measurements and Disclosures. FASB ASC Section 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB

VISIT MODESTO INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4. MARKETABLE SECURITIES (CONTINUED)

ASC Section 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available. Observable inputs are the inputs that market participants would use in pricing the assets or liability based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's assumptions about the assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 Inputs - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities.
- Level 2 Inputs - Inputs other than quoted prices in active markets that are observable either directly or indirectly.
- Level 3 Inputs - Unobservable inputs in which there is little or no market data, which requires management to develop their assumptions.

The following table sets forth, by level within the fair hierarchy, the marketable securities at fair value as of June 30, 2023:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Treasury Bonds	\$ 389,467	\$ 389,467	\$ -	\$ -
Certificate of Deposits	324,382	-	324,382	-
Total marketable securities	\$ 713,849	\$ 389,467	\$ 324,382	\$ -

The Organization earned interest and dividend of \$9,098 and realized and unrealized gain of \$7,226 on marketable securities for the year ended June 30, 2023.

NOTE 5. RETIREMENT BENEFIT PLAN

The Organization provides retirement benefits for its eligible employees through a 401(k) profit sharing plan. Employees who have been employed for 12 months are eligible to participate in the 401(k) plan. Employer contributions are 4% of participants annual compensation for the year ended June 30, 2023. Employee may contribute into the plan an amount not to exceed the maximum amount allowed annually under the Internal Revenue Code. For the year ended June 30, 2023 and June 30, 2022, the Organization contributed \$6,859 and \$4,038 to the 401(k) plan respectively.

NOTE 6. COMMITMENTS AND CONTIGENCIES

Lease arrangement

The Organization entered into a non-cancellable operating lease agreement with Giffin/Winder Properties LLC to rent office space in Stanislaus that expires in August, 2024. The monthly lease payment will be \$2,700 and will increase 2.84% per year for the term of the lease. The lease has an additional option of time until August 04, 2029.

VISIT MODESTO INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6. COMMITMENTS AND CONTIGENCIES (CONTINUED)

Lease arrangement (Continued)

Other lease information:

Cash paid for amounts in lease liability	\$34,798
<i>Operating cash flows from operating lease</i>	<i>\$34,798</i>

Right-of-use asset obtained in exchange for new operating lease liability \$83,989

Weighted-average remaining lease term--operating lease 1.25 years

Weighted-average discount rate--operating lease 2.84 %

Maturities of operating lease liability as of June 30, 2023 are as follows:

Years	<u>Amount</u>
June 30, 2024	\$ 39,000
September 30, 2024	9,825
Total	48,825
Less: amount representing interest	803
Present value of operating lease liability	\$ 48,022

NOTE 7. LOAN PAYABLE

The Organization has secured an SBA (Small Business Administration) loan under the provisions of the CARES Act facilitated by the CVB (Centralized Vendor Bureau) on August 6, 2020. The purpose of the loan is solely to use as working capital to alleviate economic injury caused by disaster occurring in the month of January 31, 2020 and continuing thereafter and to pay Uniform Commercial Code (UCC) lien filing fees and a third-party UCC handling charge of \$100 which will be deducted from the Loan amount. The loan carries an interest rate of 2.75% and has a repayment term of 30 years. As of the year ended June 30, 2023, the Organization has commenced payments towards the SBA loan from January 1, 2023. However, it is important to note that these payments primarily cover the interest portion of the loan. The total payment made towards interest during the year ended June 30, 2023 amounted to \$4,550.

NOTE 8. SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events and transactions that occurred subsequent to the date of the statement of financial position through June 30, 2023, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through April 15, 2024, that would require disclosure in the financial statements.